

Message Text

UNCLASSIFIED

PAGE 01 KINGST 00326 141558Z
ACTION ARA-14

INFO OCT-01 IO-14 ISO-00 PA-02 PRS-01 USIE-00 AID-05
CIAE-00 COME-00 EB-08 FRB-01 INR-07 NSAE-00
TRSE-00 XMB-04 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01
L-03 H-02 INRE-00 NSCE-00 SS-15 STR-06 CEA-01
SSO-00 /098 W

-----016587 141601Z /40

O R 141500Z JAN 78
FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC NIACT IMMEDIATE 9227
INFO AMEMBASSY BRIDGETOWN
AMEMBASSY GEORGETOWN
AMEMBASSY NASSAU
AMEMBASSY PORT OF SPAIN
USMISSION USUN NEW YORK

UNCLAS KINGSTON 0326

E.O. 11652: N/A
TAGS: EFIN, EAID, JM
SUBJECT: JAMAICA DEVALUES FURTHER

1. FINANCE MINISTER DAVID COORE ANNOUNCED ON THE EVENING OF JANUARY 13 THAT JAMAICA HAD DEVALUED ITS DOLLAR FURTHER. BOTH THE BASIC AND SPECIAL RATES OF EXCHANGE HAVE BEEN ALTERED. THE BASIC RATE IS NOW US\$1.00 EQUALS JA\$1.05 (CHANGED FROM US\$1.00 EQUALS JA\$0.91) AND THE SPECIAL RATE IS NOW US\$1.00 EQUALS JA\$1.35 (CHANGED FROM US\$1.00 EQUALS JA\$1.28). COORE ALSO ANNOUNCED THAT THE FOREIGN EXCHANGE MARKET HAS BEEN CLOSED BUT WILL RE-OPEN ON JANUARY 18 (TRANSACTIONS WILL, HOWEVER, CONTINUE TO BE PERMITTED FOR BONA FIDE VISITORS AND TOURISTS).

2. IN THE COURSE OF ANNOUNCING THE FURTHER DEVALUATION, COORE STATED THAT THE GOVERNMENT OF JAMAICA HAS ENTERED NEGOTIATIONS WITH THE INTERNATIONAL MONETARY
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PAGE 02 KINGST 00326 141558Z

FUND (IMF) FOR A NEW AGREEMENT. HE SAID THAT UNDER THE AGREEMENT ENTERED LAST APRIL, JAMAICA HAS PASSED THREE OF THE PERFORMANCE TESTS IMPOSED -- RE PUBLIC EXPENDITURE, PUBLIC BORROWING FROM THE BANKING SYSTEM, AND FOREIGN EXCHANGE HOLDINGS -- BUT HAD FAILED THE FOURTH -- RE NET DOMESTIC ASSETS. AS A RESULT, A NEW AGREEMENT WILL BE REQUIRED, AND AN IMF TEAM

WILL ARRIVE IN JAMAICA AT THE END OF JANUARY TO
CONTINUE DISCUSSIONS ON A THREE-YEAR AGREEMENT TO
REPLACE LAST APRIL'S.

3. COMMENT FOLLOWS IN SEPTTEL.
IRVING

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NNN

Message Attributes

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Disposition Approved on Date:
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Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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